

Washington, DC -- The Internal Revenue Service (IRS) announced today that payments under the Department of Veterans Affairs (VA) Compensated Work Therapy (CWT) program are no longer taxable and disabled veterans who paid tax on these benefits in the past three years can now claim refunds.

“This will serve as much-needed relief for local disabled veterans,” **Arcuri said**. “These brave men and women have already given so much for our country and through this program they are learning new skills and becoming part of the workforce. I urge local veterans who paid taxes on CWT program benefits to claim their much-deserved refunds.”

The IRS ruled that recipients of CWT payments will no longer receive a Form 1099 from the VA. Disabled veterans who paid tax on these benefits in tax-years 2004, 2005 or 2006 can claim a refund by filing an amended return using IRS Form 1040X.

According to the VA, more than 19,000 veterans received CWT in Fiscal Year 2007.

The IRS agreed with a U.S. Tax Court decision issued earlier this year, which held that CWT payments are tax-free veterans' benefits. In doing so, the agency reversed a 1965 ruling which held that these payments were taxable and required the VA to issue 1099 forms to payment recipients.

The CWT program provides assistance to veterans unable to work and support themselves. Under the program, the VA contracts with private industry and the public sector for work by veterans, who learn new job skills, re-learn successful work habits and regain a sense of self-esteem and self-worth.

In June, Arcuri strongly supported, and the House of Representatives passed, the largest single increase in the 77-year history of the Veterans Administration (VA), providing critical resources for the over one million veterans in New York State.

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